

**BEFORE THE STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

Exploring Revisions to Current)	Docket No. 99-DIST-GEN-(2)
Interconnection Rules Between Investor-)	
Owned and Publicly-owned Utility Distribution)	Energy Commission Distributed
Companies and Distributed Generators)	Generation Strategic Plan
)	
Evaluating CEQA Procedures for Siting)	
Distributed Generation Facilities)	February 21, 2002

**Comments of the Natural Resources Defense Council
on the Draft Outline Strategic Plan for Distributed Generation**

The Natural Resources Defense Council (NRDC) respectfully submits these comments on the February 20, 2002 Draft Outline Strategic Plan for Distributed Generation (Outline). NRDC has been, and remains, an active participant in the myriad discussions, proceedings and rulemakings surrounding distributed generation (DG) issues in California at the CEC, CPUC, ISO, the Legislature, and CARB. While real progress has been made in each of these arenas, more active coordination is necessary to break down some well-known, but little mentioned barriers to clean DG development. These barriers include overlapping and sometimes conflicting policies and authority between agencies, as well as policy holes. NRDC appreciates the CEC's initiative to develop a strategic vision and plan for DG in California. These brief comments echo our remarks at the February 5, 2002 Siting Committee Workshop and focus on addressing coordination and consistency issues in the Outline.

State agency coordination should be a much larger and more explicit focus of the strategic plan. Neither the vision, nor the mission statement can effectively be realized without strong efforts and leadership in this area. The Outline appropriately includes the establishment of a DG State Agency Coordination Group in the 3-5 year goals and strategies section, and Section VI

addresses the CEC's consultation with, and guidance to, state agencies. However, at least in the way the Outline is structured, neither appears to be a focus of the strategic plan. NRDC understands that the CEC does not have jurisdictional authority over other agencies involved in DG, as indicated in Section VI, but believes that the CEC can add great value through strong leadership and coordination. NRDC recommends that this be made a more central focus.

Vision and Mission statement suggested modifications. In an effort to better conform the vision and mission statements to state policy and current efforts, NRDC suggests the following modifications.

Clean, efficient ~~D~~distributed generation will be an integral part of the California energy system, when it provides ~~providing~~ customers and energy providers with affordable, clean, reliable, and readily accessible energy services.

It is the mission of the Energy Commission to develop programs and coordinate policies between agencies that will effectively promote and deploy clean, efficient distributed generation technologies that benefit energy consumers, the environment and the electricity grid in California.

Deployment Issues and Opportunities. The Outline notes that the list of issues and opportunities is not all-inclusive, and that much work has already been done to explore these issues and their potential solutions. In fact, some questions have already been answered. For example, the state has already decided, in legislation (SB1298 and SBx1 28) and in policies (incentive programs at the CPUC, CEC), to give preference to clean DG. In addition, some important issues/questions are not addressed and should be added. For example, what environmental impacts would various pricing, demand response, or interconnection policies impose? Rather than spend much time here adding or modifying this list, NRDC just notes that a compilation of what has been accomplished in terms of background research and analysis, and in terms of decisions, regulations, or policies established, would be quite useful in the agency coordination efforts.

Finally, NRDC would like to encourage the CEC to focus on the phrase contained in the long term goals and strategies—“maximizing appropriate use of distributed generation”—beginning in the near-term. NRDC believes that there is great potential for appropriate use of DG to contribute substantially to creating “the cleanest, most efficient, reliable, and affordable” energy system in the nation if we focus on appropriate integration.

Dated: March 20, 2002

Respectfully submitted,

A handwritten signature in black ink that reads "Sheryl Carter". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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